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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|-----------------|-------------|----------------------|---------------------|------------------|
| 09/272,542 | 03/19/1999 | PETER B. MADOFF | 10575/002001 | 5785 |

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BOSTON, MA 02110

EXAMINER

HEWITT II, CALVIN L

ART UNIT PAPER NUMBER

3621

DATE MAILED: 03/26/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

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| | | | |
|------------------------------|---------------------------------------|--------------------------------------|--|
| Office Action Summary | Application No. 09/272,542 | Applicant(s) MADOFF ET AL. | |
| | Examiner Calvin L Hewitt II | Art Unit 3621 | |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 02 December 2002.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-40 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-40 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ | 6) <input type="checkbox"/> Other: _____ |

Status of Claims

1. Prosecution on the merits of this application is reopened on claims 1-40 and 55-58, and considered unpatentable for the reasons indicated below: New art has been found.
2. Claims 1-40 and 55-58 have been examined.

Claim Rejections - 35 USC § 112

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
4. Claim 2 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 2 recites "matching a first one of the orders with the responses...".
However claim 1, from which claim 2 depends, is directed to a single order.
5. Claim 2 recites the limitation " matching a first one of the orders " in line 1.
There is insufficient antecedent basis for this limitation in the claim.

Claim Rejections - 35 USC § 102

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:
- A person shall be entitled to a patent unless –
- (e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.
7. Claims 1, 2, 4, 7, 8, 10, 11, 15, 24, 25, 28, 29, 31-34, 36-40 55 and 58 are rejected under 35 U.S.C. 102(e) as being clearly anticipated by Harrington et al., U.S. Patent No. 6,161,099.
- As per claims 1, 2, 4, 7, 8, 10, 11, 15, 24, 25, 28, 29, 31-34, 36-40, 55 and 58 Harrington et al. teach an auction system comprising:
- entering an order for a product (e.g. financial instruments whose value changes with market conditions), the order specifying a quantity of the product and an exposure time for which the order can be displayed for responses (figure 15; column 6, lines 10-26; column 10, lines 32-41; column 13, lines 53-56)

- entering a response to an order, the response specifying a relative price with a price improvement (figures 6, 10 and 13; column 9, lines 11-65; column 10, lines 12-31)
- receiving a response (with price and quantity) and match the order with the response (figure 6)
- matching the order with the response in accordance with the exposure time specified by the order (figure 6; column 8, lines 18-28; column 9, lines 11-22; column 10, lines 32-41; column 11, lines 20-42; column 12, lines 24-30)
- entering pre-defined relative indications (e.g. quantity) that correspond to a willingness to respond to orders to buy or sell the product if an order for the product arrives, wherein the pre-defined indications specify a price relative to an indicator of the current prevailing market price (figure 6)
- retrieving an oldest response, other order, or pre-defined relative indication and determining whether the oldest response, other order, or pre-defined relative indication satisfies the order (figure 6)
- executing a trade between the first order and one of the other orders or responses that matched the first order (figure 6; column 12, lines 24-30)
- conditions attached to an order (figure 15)
- all or nothing bids (column 4, lines 38-42)

- workstations where pre-defined relative indications can exist in the system before (column 14, lines 10-13) or after (figure 10; column 9, lines 13-39) an auction for a product

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 3, 5, 12, 26 and 56 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harrington et al., U.S. Patent No. 6,161,099 in view of Silverman et al., U.S. Patent No. 5,136,501.

As per claims 3, 5, 12, 26 and 56, Harrington et al. teach an auction system receiving bids during an exposure time, matching bids with an order, identifying the best bid and silent or secret auctions (figures 6 and 15; column 1, lines 36-50). However, Harrington et al. do not explicitly recite a method for determining a best bid. Silverman et al. teach an anonymous matching system that matches bids with orders based on quantity, price and time (e.g. order, oldest response) (figures 13-18; column 4, lines 6-26; column 6, lines 55-68;

column 16, lines 36-46; column 17, lines 18-45; column/line 18/35-19/31).

Therefore, it would have been obvious to combine the teachings of Harrington et al. and Silverman et al. in order to increase system efficiency.

10. Claims 6, 9, 13, 14, 16-23, 27, 30, 35 and 57 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harrington et al., U.S. Patent No. 6,161,099.

As per claims 6, 9, 13, 14, 16-23, 27, 30, 35 and 57, Harrington et al. teach an auction system with specific auction start times and end times, price improvement conditions, entering pre-defined conditions before or after an order is entered, determining whether a match price falls outside of a spread specified by the order (figures 6,12, and 15; column 10, lines 22-31). In particularly, Harrington et al. teach orders that specify a minimal acceptable price improvement (figure 15), executing a trade between an order (e.g. first order) (column 12, lines 7-30). Therefore, it would have been at least obvious to one of ordinary skill to expire the auction process at the end time. Harrington et al. apply their system to the sale of financial products. And while the Harrington et al. system is dedicated to initial offerings, financial markets are old and well known, hence it would have been obvious to one of ordinary skill to use a market maker, specialist and/or brokerage to sell shares, bonds and/or derivatives. Similarly, as Harrington et al. teach best bids (figure 6), it would have been obvious to define a "best bid" as a national best bid.

As per claims 16 and 35, clearing corporations and their functions are old and well known, therefore it would have been obvious to one of ordinary skill to refer a completed transaction to a clearing corporations in order to validate the transaction.

Conclusion

11. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- Togher et al. teach an electronic brokerage system with log of old offers that can be used for potential matches
- Lawrence teaches a bond trading system
- Tilfors et al. disclose a system where trades are compared on other systems prior to execution
- Gutterman et al. teaches an order management system

12. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Calvin Loyd Hewitt II whose telephone number is (703) 308-8057. The Examiner can normally be reached on Monday-Friday from 8:30 AM-5:00 PM.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, James P. Trammell, can be reached at (703) 305-9768.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks
c/o Technology Center 2100
Washington, D.C. 20231

or faxed to:

(703) 305-7687 (for formal communications intended for entry and after-final communications),

or:

(703) 746-5532 (for informal or draft communications, please label "PROPOSED" or "DRAFT")

Hand-delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, 7th Floor Receptionist.

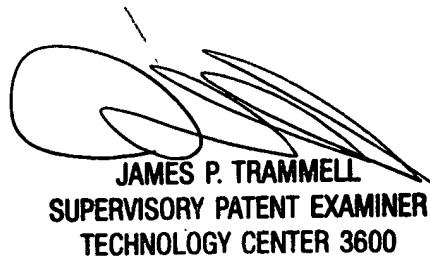
Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113.

Calvin Loyd Hewitt II

March 5, 2003

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SUPERVISORY PATENT EXAMINER
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